

FISCAL IMPACT STATEMENT ON BILL NO. **H.3168**

(Doc. No. 18684sd07.doc)

TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Beth Campbell, Trey Kannaday, and Allan Kincaid		
DATE:	April 19, 2007	SBD:	2007298

AUTHOR:	Representative Cobb-Hunter	PRIMARY CODE CITE:	59-146-55
SUBJECT:	School Facilities Infrastructure Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

BILL SUMMARY:

House Bill 3168 provides several means of funding for school districts to construct and improve school facilities.

EXPLANATION OF IMPACT:

State School Facilities Bonds

Part I of the Bill authorizes the issuance of three hundred million dollars of state school facilities bonds beginning with the fiscal year 2007-08 over a five year period. According to the Office of the State Treasurer, a series of bond issues of \$60 million for each of the five years would have an annual impact on the General Fund of \$22.9 million in debt service for 19 years, for a total fiscal impact of \$434.6 million over the 19 year term.

South Carolina School Facilities Infrastructure Act

Part II, Article I creates the South Carolina School Facilities Infrastructure Authority to select and assist in financing qualified school projects by providing loans and other financial assistance to school districts for constructing and improving school facilities. Section 59-75-160 indicates that State General Funds may be appropriated as a revenue source to the Authority. Therefore, the impact on the General Fund of the State under this provision would be at the discretion of the General Assembly. Federal and other funds may be used as made available. Further, Section 59-75-210(A) of the Bill invokes Article X, Section 15(4) of the Constitution, which directs the State Treasurer to withhold any state funds appropriated or allotted to be applied to the indebtedness in the event that a school district fails to effect the punctual payment of its obligations then due.

School Infrastructure General Obligation Bonds

Part II, Article 3 of the Bill authorizes the issuance of school infrastructure bonds for qualified projects or to refund school infrastructure bonds from time to time under the conditions prescribed by this article. Section 59-75-340 of the Bill provides that no school infrastructure bonds may be issued unless the board has a source of revenues to pay the principal and interest on the bonds. Therefore, as long as any revenue pledged is sufficient to meet the payments on the bonds, there should be no impact on the General Fund of the State or on Federal and/or other funds.

Department of Education

The State Department of Education (SDE) projects that the proposed Bill will have a minimal impact which can be absorbed at current levels of funding.

SPECIAL NOTES:

Under Part 1 of the Bill the estimated impact on the State's debt capacity upon issuance of the entire \$300 million authorization is 0.20%. Utilization of the state's overall 5% capacity would increase from 3.16% presently to 3.36% upon issuance of the full \$300 million authorization based on June 30, 2006 budgetary General Fund revenue.

Approved by:

A handwritten signature in black ink that reads "Harry Bell". The signature is written in a cursive style with a large, stylized "H" and "B".

Harry Bell
Assistant Director, Office of State Budget